

MATER ACADEMY  
(A charter school under Mater Academy, Inc.)

Hialeah Gardens, Florida

Financial Statements And  
Independent Auditors' Report

June 30, 2009

## TABLE OF CONTENTS

General Information . . . . .	1	
Independent Auditors' Report. . . . .	2-3	
Management's Discussion and Analysis (Required Supplementary Information) . . . . .	4-8	
<b>Basic Financial Statements:</b>		
<i>Government-wide Financial Statement:</i>		
Statement of Net Assets . . . . .	9	
Statement of Activities. . . . .	10	
<i>Fund Financial Statements:</i>		
Balance Sheet - Governmental Funds. . . . .	11	
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Assets. . . . .	12	
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds. . . . .	13	
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities. . . . .	14	
Statement of Net Assets – Fiduciary Funds	15	
Notes to the Basic Financial Statements . . . . .	16-22	
<b>Required Supplementary Information:</b>		
Budgetary comparison schedules. . . . .	23-24	
<b>Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> . . . . .</b>		25-26
Management Letter . . . . .	27-28	

MATER ACADEMY  
(A charter school under Mater Academy, Inc.)

7700 NW 98<sup>th</sup> Street  
Hialeah Gardens, FL 33172

2008-2009

Board Of Directors

Antonio Roca, Esq, Chairman and President  
Shannine Sadesky  
Juan Garcia  
Roberto Blanch  
Elizabeth Nuevo

School Administration

Kim Guilarte, Vicepresident and Principal

Other Non-voting Corporate Officers

Rene Roviroso, Vicepresident  
Judith Marty, Vicepresident  
Beatriz Riera, Vicepresident  
Lourdes Marrero, Vicepresident  
Alex Tamargo, Vicepresident



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Mater Academy  
Hialeah Gardens, Florida

We have audited the accompanying basic financial statements of the governmental activities and each major fund of Mater Academy (the "School"), a charter school under Mater Academy, Inc., which is a component unit of the District School Board of Miami-Dade County, as of, and for the year ended June 30, 2009, which collectively comprises the School's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the accompanying financial statements referred to above present only the financial position of Mater Academy at June 30, 2009, and the respective changes in financial position for the year then ended, and is not intended to be a complete presentation of Mater Academy, Inc.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of Mater Academy as of June 30, 2009, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2009, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and the budgetary comparison information on pages 4 through 8 and 23 through 24, respectively, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*HLB Grovier, LLP*

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
August 28, 2009

**Management's Discussion and Analysis**  
Mater Academy  
(A Charter School Under Mater Academy, Inc.)  
June 30, 2009

The corporate officers of Mater Academy, Inc. have prepared this narrative overview and analysis of Mater Academy's financial activities for the fiscal year ended June 30, 2009.

**Financial Highlights**

1. The assets of the Charter School exceeded its liabilities at June 30, 2009 by \$ 6,843,164 (net assets).
2. At year-end, the School had current assets on hand of \$5,693,443.
3. The net assets of the School increased by \$ 519,049 during the year.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's financial statements for the year ended June 30, 2009 are presented under GASB 34. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

*Government-Wide Financial Statements*

The *government-wide financial statements* are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

The *Statement of Net Assets* presents information on all of the School's assets and liabilities. The difference between the two is reported as *net assets*. Over time increases or decreases in net assets may serve as an indicator of whether the financial position of the School is improving or deteriorating.

The *Statement of Activities* presents information on how the School's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event occurs without regard to the timing of related cash flows. Accordingly, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 9 - 10 of this report.

*Fund Financial Statements*

A “fund” is a collection of related accounts grouped to maintain control over resources that have been segregated for specific activities, projects, or objectives. The School like other state and local governments uses fund accounting to ensure and report compliance with finance-related legal requirements.

All of the funds of the School are governmental funds. *Governmental Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental Fund financial statements, however, focus on *near-term inflows* and outflows of spendable resources, as well as on the balances of spendable resources which are available at the end of the fiscal year. Such information may be used to evaluate a government’s requirements for near-term financing.

The Board of the School adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the School’s budget.

The basic governmental fund financial statements can be found on pages 11 - 15 of this report.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 16 - 22 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of a charter school’s financial position. In the case of the School, assets exceeded liabilities by \$6,843,164 at the close of the fiscal year. A summary of the School’s net assets as of June 30, 2009 and 2008 follows:

	2009	2008
Cash	\$ 5,458,986	\$ 4,754,385
Accounts Receivable	9,605	9,598
Due from Other Agencies	170,848	120,217
Due from Other Schools	200,000	175,000
Prepaid expenses	43,804	82,102
Deposits	10,200	10,200
Capital Assets, net	1,206,429	1,402,468
Total Assets	<u>\$ 7,099,872</u>	<u>\$ 6,553,970</u>
Accounts Payable	\$ 256,708	\$ 229,855
Total Liabilities	<u>\$ 256,708</u>	<u>\$ 229,855</u>
Invested in Capital Assets, net of related debt	1,206,429	1,402,468
Unrestricted	5,636,735	4,921,647
Total Net Assets	<u>\$ 6,843,164</u>	<u>\$ 6,324,115</u>

## Appendix N

**AUDIT COMPLETION CHECKLIST  
FOR CHARTER SCHOOLS AND OTHER ORGANIZATIONS  
MIAMI-DADE COUNTY PUBLIC SCHOOLS**

The following information should be included in the yearly audit by the organizations submitting their annual external audit. For charter schools, the Auditor General of the State of Florida has issued rules that must be complied with (Chapter 10.850). Please share this checklist with your external auditor.

1. The name and address of the school.
2. The name of the principal running the school.
3. Current list of the Board of Directors of the school.
4. If the school is operated by a management company:
- a. Name of the company
- b. Address
- c. List of principal officials
- d. Contractual arrangement with the company, such as length of contract, terms, total fees paid for the year, etc. (This information should be included in the footnotes to the financial statements).
5. The financial statements must include comparative totals for the prior year.
6. The financial statements must comply with GASB 34 requirements, if applicable.
7. In the footnotes of the financial statements, the following should be disclosed:
- a. Total school enrollment and grade configuration. If separate facilities are in operation, disclose name, address, and the enrollment and grade configuration at each facility.
- b. Full disclosure of related party transactions, which should include the related party's name and address, and disclosure of the transaction, particularly if it is a loan that needs to be repaid (principal and interest paid and unpaid). If the debt is in arrears, disclosure of arrangements made to satisfy the debt.
- c. Full disclosure of any other debts in arrears, particularly as they relate to the payment of withholding/social security taxes. Arrangements made to pay the debt(s).
- d. For charter schools, full disclosure in the notes or as a separate schedule in the audit of the tangible personal property purchased with public funds. (It is a current contractual requirement for charter schools; however, we recommend that it be part of the audit).
- N/A e. If there is a deficit cash position or significant losses shown in the financial statements, full disclosure as to how the school plans to keep operating. The current assets should be sufficient to cover the current liabilities. The issue is whether sufficient resources would be available to maintain the school open. This issue may be addressed in the Management Letter.
- f. Any disclosures of events subsequent to the balance sheet date that the auditor believes are important to the readers of the financial statements (e.g., significant contractual arrangements and financing or refinancing of debt, payment of past due taxes, etc.).
- N/A 8. If the audit is not submitted within the contractually required deadline, the Management Letter must comment on it with the appropriate response from the organization as to how it is going to be remedied in future audit submittals.
9. If there are Management Letter findings, each finding must include a response by the organization. If there were prior audit findings, the current audit must include the status of action taken, i.e., whether the recommendation was fully implemented and, if not, when (date) it will be fully implemented. Note that quarterly reports may be required on a case-by-case basis depending on the severity or lack of resolution of the issues noted in the Management Letter.
10. Please enter the following information about the Certified Public Accountant issuing the audit report:
- CPA's Name HLB GRAVIER, LLP
- CPA's Address 201 ALHAMBRA CIRCLE, SUITE #901
- License No. AD 64844 Status ACTIVE
- Expiration Date 12/31/2009

In reference to this checklist, please refer any questions to the Office of Management and Compliance Audits, attention Mr. Norberto Ferradaz, CPA (305) 995-1318.

Please forward a copy of the completed checklist with your audit.



At the end of the fiscal year, the School is able to report continued positive balances in the categories of net assets with a net increase for the year. The same situation held true for the prior fiscal year.

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2009 and 2008 follows.

	<u>2009</u>	<u>2008</u>
<b>REVENUES</b>		
Program Revenues		
Capital Outlay Funding	\$ 440,156	\$ 496,806
Federal Sources	201,745	167,010
Charges for services	87,680	-
General Revenues		
FTE nonspecific revenues	4,432,470	4,581,714
Other Revenues	46,395	283,051
Total Revenues	<u>\$ 5,208,446</u>	<u>\$ 5,528,581</u>
<b>EXPENSES</b>		
Instruction	\$ 2,643,645	\$ 2,721,433
Instructional Media Services	658	658
Instructional Staff Training Services	8,181	49,559
Board	59,712	24,300
School Administration	777,759	761,005
Facilities Acquisition and Construction	257,535	269,290
Fiscal Services	104,625	131,108
Food Services	2,014	1,854
Central Services	110,322	106,064
Pupil Transportation Services	4,173	-
Operation of Plant	584,892	653,606
Maintenance of Plant	135,881	85,230
Community Services	-	86,974
Total Expenses	<u>4,689,397</u>	<u>4,891,081</u>
Increase in Net Assets	519,049	637,500
Net Assets at Beginning of Year	<u>6,324,115</u>	<u>5,686,615</u>
Net Assets at End of Year	<u>\$ 6,843,164</u>	<u>\$ 6,324,115</u>

Due to the adverse economic climate nationwide, the State of Florida initiated several hold back in FTE funding as driven by their budgeting process. As a result, Mater Academy's revenue decreased by \$320,135 in the current year and expenses decreased by \$201,684. The School had an increase in its net assets of \$519,049 for the year.

## **Capital Improvement Requirements**

The School maintains a continuous capital improvements program to enhance facilities and update fixtures and equipment as required.

## **Accomplishments**

Having completed its eleventh year of operation this past year, Mater Academy continues to be one of Florida's most successful charter schools. In 2009, Mater Academy earned a letter grade of "A" for the seventh consecutive year, and was ranked within the top public schools with elementary programs in Miami-Dade County based on the points it received under the State of Florida Accountability Program. The School received a "School Recognition Award" from the Florida Department of Education and the "Superintendent's Platinum Award" for its achievements, and was also a winner of the United Way Campaign. Most notably, Mater Academy received accreditation from the Southern Association of Colleges and School (SACS).

## **School Location**

The school continues to operate from its facility located at NW 77<sup>th</sup> Avenue and 98<sup>th</sup> Street in Hialeah Gardens.

## **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND**

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### **Governmental Funds**

The focus of the School's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the School's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the School's governmental fund reported a fund balance of \$ 5,436,735.

### **Capital Assets**

The School's investment in capital assets as of June 30, 2009 amounts to \$ 1,206,429 (net of accumulated depreciation). This investment in capital assets includes furniture, fixtures and equipment.

## Governmental Fund Budget Analysis and Highlights

Prior to the start of the School's fiscal year, the Board of the Charter School adopted an annual budget. A budgetary comparison statement has been provided for the governmental funds to demonstrate compliance with the School's budget.

	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Program Revenues			
Capital Outlay Funding	\$ 429,870	\$ 441,000	\$ 440,156
Federal sources	200,000	202,000	201,745
General Revenues			
FTE nonspecific revenues	4,140,000	4,400,000	4,432,470
Other Revenues	185,000	100,000	134,075
Total Revenues	<u>\$ 4,954,870</u>	<u>\$ 5,143,000</u>	<u>\$ 5,208,446</u>
<b>CURRENT EXPENDITURES</b>			
Instruction	\$ 2,450,000	\$ 2,452,000	\$ 2,464,792
Instructional Staff Training Services	10,000	10,000	8,181
Food services	250	250	160
Board	25,000	25,000	59,712
School Administration	800,000	800,000	776,193
Fiscal Services	110,000	110,000	104,625
Central Services	115,000	115,000	110,322
Pupil transportation	5,000	5,000	4,173
Operation of Plant	559,870	571,000	561,585
Maintenance of Plant	335,834	130,000	105,100
Total Expenses	<u>\$ 4,410,954</u>	<u>\$ 4,218,250</u>	<u>\$ 4,194,843</u>

Most variances occurred as a result of the Budget adopted being more conservative than actual results for the year.

### Requests for Information

This financial report is intended to provide a general overview of the finances of the Charter School. Requests for additional information may be addressed to Ms. Ana Martinez at Academica Dade, LLC, 6361 Sunset Drive, Miami, Florida, 33143.

MATER ACADEMY  
(A charter school under Mater Academy, Inc.)

STATEMENT OF NET ASSETS  
June 30, 2009

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**Assets**

Current assets:	
Cash	\$ 5,458,986
Accounts receivable, no allowance necessary	9,605
Due from other agencies	170,848
Prepaid expenses	43,804
Deposits receivable	10,200
	<hr/>
	5,693,443
Capital assets, depreciable	3,907,242
Less: accumulated depreciation	(2,700,813)
	<hr/>
	1,206,429
Due from other schools, long-term	200,000
	<hr/>
Total Assets	<u><u>\$ 7,099,872</u></u>

**Liabilities and Net Assets**

Current liabilities:	
Salaries and wages payable	\$ 216,040
Accounts payable	40,668
Total Current Liabilities	<hr/>
	256,708
Net assets:	
Invested in capital assets	1,206,429
Unrestricted	5,636,735
Total Net Assets	<hr/>
	6,843,164
Total Liabilities and Net Assets	<u><u>\$ 7,099,872</u></u>

The accompanying notes are an integral  
part of this financial statement.

MATER ACADEMY  
(A charter school under Mater Academy, Inc.)

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2009

FUNCTIONS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental activities:</b>					
Instruction	\$ 2,643,645	\$ 30,094	\$ 201,745	\$ -	\$ (2,411,806)
Instructional Media Services	658	-	-	-	(658)
Instructional staff training	8,181	-	-	-	(8,181)
Board	59,712	-	-	-	(59,712)
School administration	777,759	-	-	-	(777,759)
Facilities acquisition	257,535	-	-	-	(257,535)
Fiscal services	104,625	-	-	-	(104,625)
Food services	2,014	-	-	-	(2,014)
Central services	110,322	-	-	-	(110,322)
Pupil transportation service	4,173	-	-	-	(4,173)
Operation of plant	584,892	57,586	-	440,156	(87,150)
Maintenance of plant	135,881	-	-	-	(135,881)
<b>Total governmental activities</b>	<b>4,689,397</b>	<b>87,680</b>	<b>201,745</b>	<b>440,156</b>	<b>(3,959,816)</b>
General revenues:					
FTE nonspecific revenues					4,432,470
Interest and other revenue					46,395
Change in net assets					519,049
Net assets, beginning					6,324,115
Net assets, ending					<u>\$ 6,843,164</u>

The accompanying notes are an integral part of this financial statement.

MATER ACADEMY  
(A charter school under Mater Academy, Inc.)

BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2009

	General Fund	Special	Total Governmental
		Revenue Fund	Funds
<b><u>Assets</u></b>			
Cash	\$ 5,458,986	\$ -	\$ 5,458,986
Accounts receivable	9,605	-	9,605
Due from other agencies	-	170,848	170,848
Due from other funds	170,848	-	170,848
Prepaid expenses	43,804	-	43,804
Deposits receivable	10,200	-	10,200
Total Assets	<u>\$ 5,693,443</u>	<u>\$ 170,848</u>	<u>\$ 5,864,291</u>
<b><u>Liabilities</u></b>			
Salaries and wages payable	\$ 216,040	\$ -	\$ 216,040
Accounts payable	40,668	-	40,668
Due to other funds	-	170,848	170,848
Total Liabilities	<u>256,708</u>	<u>170,848</u>	<u>427,556</u>
<b><u>Fund balance</u></b>			
Unreserved	5,436,735	-	5,436,735
	<u>5,436,735</u>	<u>-</u>	<u>5,436,735</u>
Total Liabilities and Fund Balance	<u>\$ 5,693,443</u>	<u>\$ 170,848</u>	<u>\$ 5,864,291</u>

The accompanying notes are an integral part of this financial statement.

MATER ACADEMY  
(A charter school under Mater Academy, Inc.)

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2009

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Total Fund Balance - Governmental Funds \$ 5,436,735

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets of \$3,907,242 net of accumulated depreciation of \$2,700,813 used in governmental activities are not financial resources and therefore are not reported in the governmental funds. 1,206,429

Long term receivables from other charter schools in governmental activities are not financial resources and therefore are not reported in the governmental funds. 200,000

Total Net Assets - Governmental Activities \$ 6,843,164

The accompanying notes are an integral part of this financial statement.

MATER ACADEMY  
(A charter school under Mater Academy, Inc.)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2009

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>Revenues:</b>			
State passed through local	\$ 4,432,470	\$ -	\$ 4,432,470
State capital outlay funding	-	440,156	440,156
Federal sources	-	201,745	201,745
Interest, usage fees and other revenue	134,075	-	134,075
<b>Total Revenues</b>	<b>4,566,545</b>	<b>641,901</b>	<b>5,208,446</b>
<b>Expenditures:</b>			
<b>Current</b>			
Instruction	2,263,047	201,745	2,464,792
Instructional staff training services	8,181	-	8,181
Board	59,712	-	59,712
Food services	160	-	160
School administration	776,193	-	776,193
Fiscal services	104,625	-	104,625
Central services	110,322	-	110,322
Pupil transportation services	4,173	-	4,173
Operation of plant	121,429	440,156	561,585
Maintenance of plant	105,100	-	105,100
<b>Capital Outlay:</b>			
Other capital outlay	298,515	-	298,515
<b>Debt Service:</b>			
Redemption of Principal	-	-	-
<b>Total Expenditures</b>	<b>3,851,457</b>	<b>641,901</b>	<b>4,493,358</b>
Excess of revenues over expenditures	715,088	-	715,088
Other financing use, net - long term advance to school	(125,000)	-	(125,000)
Net change in fund balance	590,088	-	590,088
Fund Balance at beginning of year	4,846,647	-	4,846,647
Fund Balance at end of year	<u>\$ 5,436,735</u>	<u>\$ -</u>	<u>\$ 5,436,735</u>

The accompanying notes are an integral part of this financial statement.



MATER ACADEMY  
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RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2009

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Net Change in Fund Balance - Governmental Funds \$ 590,088

Amounts reported for governmental activities in the statement of activities  
are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays of \$298,515 differed from depreciation expense of \$494,554. (196,039)

Issuance of long term receivables represents a financial expenditure to governmental funds, but increases long-term assets in the statement of net assets. Increase in long term receivables is an expenditure in the governmental funds, but a decrease or collections of such receivables reduces long-term assets in the statement of net assets. This is the amount by which collection of \$75,000 exceeded increase in long-term receivables of \$200,000 in the current period. 125,000

Change in Net Assets of Governmental Activities \$ 519,049

The accompanying notes are an integral  
part of this financial statement.

MATER ACADEMY  
(A charter school under Mater Academy, Inc.)  
Statement of Net Assets - Fiduciary Funds  
June 30, 2009

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	<u>Agency Funds</u>
<b><u>Assets</u></b>	
Cash	\$ 53,830
Total Assets	<u>\$ 53,830</u>
<b><u>Liabilities</u></b>	
Due to students and clubs	\$ 53,830
Total Liabilities	\$ 53,830
<b><u>Net assets</u></b>	<u>\$ -</u>

The accompanying notes are an integral  
part of this financial statement.

### **Note 1 – Organization and Operations**

Mater Academy (the "School"), is a charter school under Mater Academy, Inc., a not-for-profit corporation organized in the State of Florida. The governing body of the School is the board of directors of Mater Academy, Inc., which also governs other charter schools. The School operates under a charter granted by the sponsoring district, the District School Board of Miami-Dade County (the "District"). The current charter expires on June 30, 2018 and is renewable for an additional 15 years by a mutual written agreement between the School and the District. During the term of the charter, the District may terminate the charter if good cause is shown. The School is considered a component unit of such District. The School is located in Hialeah Gardens, Florida for students from kindergarten through fifth grade and is funded by the District.

These financial statements are for the year ended June 30, 2009, when approximately 698 students were enrolled for the school year.

### **Note 2 – Summary of Significant Accounting Policies**

#### Basis of presentation

Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide – Audits for States and Local Governments and provisions of Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes.

#### Government-wide and Fund Financial Statements

##### *Government-wide Financial Statements*

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report information for the School as a whole. Both statements report only governmental activities as the School does not engage in any business type activities. These statements also do not include fiduciary funds.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees; (2) operating grants and contributions which finance annual operating activities; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Other revenue sources not properly included with program revenues are reported as general revenues.

**Note 2 – Summary of Significant Accounting Policies (continued)**

*Fund Financial Statements*

Fund financial statements are provided for governmental funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Major individual governmental funds are reported as separate columns in the fund financial statements:

*General Fund* - is the School's primary operating fund. It accounts for all financial resources of the school, except those required to be accounted for in another fund.

*Special Revenue Fund* - accounts for specific revenues, such as federal grants and capital outlay funds that are legally restricted to expenditures for particular purposes.

*Agency Fund* - accounts for resources of the School's Internal Fund, which is used to administer monies collected at the schools in connection with school, student athletics, class, and club activities.

Measurement Focus and Basis of Accounting

The financial statements of the School are prepared in accordance with generally accepted accounting principles (GAAP). The School's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The government-wide financial statements apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The government-wide statements report using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues from non-exchange transactions are reported according to Governmental Accounting Standards Board (GASB) Statement No. 33 Accounting and Financial Reporting for Non-Exchange Transactions, as amended by GASB Statement No. 36 Recipient Reporting for Certain Shared Non-Exchange Revenues, they include grants and donations. On the accrual basis, revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. "Measurable" means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The School considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported as expenditures in the year due.

**Note 2 – Summary of Significant Accounting Policies (continued)**

Cash

Cash and cash equivalents include all highly liquid investments with a maturity of three months or less.

Due from Other Governments or Agencies

Amounts due to the School by other governments or agencies are for grants or programs under which the services have been provided by the School.

Capital Assets

The School's property, plant and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the statement of net assets in the government-wide financial statements. Donated capital assets are recorded at their estimated fair market value on the date donated. The School generally capitalizes assets with cost of \$500 or more. Building improvements, additions and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Improvements	10-15 Years
Furniture, Equipment	5 Years
Textbooks and audiovisual materials	3 Years

Revenue Sources

Revenues for operations will be received primarily from the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. In addition, the school receives an annual allocation of charter school capital outlay funds for leasing of school facilities.

**Note 2 – Summary of Significant Accounting Policies (continued)**

Finally, the School also receives federal awards for the enhancement of various educational programs. Federal awards are generally received based on applications submitted to and approved by various granting agencies. For federal awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred. Any excess amounts are recorded as deferred revenues until expended. Additionally, other revenues may be derived from various fundraising activities and certain other programs.

Compensated Absences

The School grants a specific number of days of sick. Full time instructional employees are eligible to one day per month to up to ten days of active work during the ten-month period (a “benefit year”). In the event that available time is not used by the end of the benefit year, employees may “rollover” all unused days for use in future benefit years. There is an opportunity to “cash out” unused sick days however, the employees may only cash out if they have used three days or less of their sick leave in that benefit year. Employees may not cash out more than ten days per school year and are required to always maintain a minimum of twenty-one unused days. The cash out value is eighty percent of their current daily rate. There is no termination payment for accumulated unused sick days.

Government Accounting Standards Board (GASB) Statement 16, Accounting for Compensated Absences, provides that compensated absences that are contingent on a specific event that is outside the control of the employer and employee should be accounted for in the period those events take place. Accordingly, these financial statements do not include an accrual for sick days available to be used in future benefits years.

The School also provides certain days to be used for specific personal matters such as family death and jury duty. Because the use of such days is contingent upon those events taking place and such events are out of the control of both the employer and the employee, there is no accrual for such days.

Income Taxes

Mater Academy, Inc. qualifies as a tax-exempt organization under Internal Revenue Code Section 501(c)(3), and is, therefore, exempt from income tax. Accordingly, no tax provision has been made in the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

MATER ACADEMY  
(A charter school under Mater Academy, Inc.)  
Notes to Financial Statements  
June 30, 2009

**Note 3 –Capital Assets**

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the period ended June 30, 2009:

	Balance 7/1/08	Additions	Retirements	Balance 6/30/09
Capital Assets				
Land	\$ 5,450	\$ -	\$ -	\$ 5,450
Improvements				
	2,536,540	167,850	-	2,704,390
Furniture, equipment and textbooks	1,066,737	130,665	-	1,197,402
Total Capital Assets	<u>3,608,727</u>	<u>298,515</u>	<u>-</u>	<u>3,907,242</u>
Less Accumulated Depreciation				
Improvements	(1,555,826)	( 241,699)	-	(1,797,525)
Furniture, equipment and textbooks	(650,433)	( 252,855)	-	(903,288)
Total Accumulated Depreciation	<u>(2,206,259)</u>	<u>( 494,554)</u>	<u>-</u>	<u>(2,700,813)</u>
Capital Assets, net	<u>\$ 1,402,468</u>	<u>(\$196,039)</u>	<u>\$ -</u>	<u>\$1,206,429</u>

Depreciation expense for the year ended June 30, 2009 was \$494,554 and is allocated in the Statement of Activities to instruction, facilities acquisition, and facilities operation and maintenance expense.

**Note 4 –Management Agreement**

Academica Dade, LLC, a professional charter school management company, provides management and administrative services to the School including, but not limited to, facility design, staffing recommendations, human resource coordination, regulatory compliance, legal and corporate upkeep, maintenance of the books and records, bookkeeping, budgeting and financial reporting. The agreement between the School and Academica Dade, LLC calls for a fee of \$450 per full time equivalent (FTE) student per year. The agreement is for a period of five years, through July 2009, and unless terminated by the board shall be renewed along with any renewals to the charter agreement. During the year ended June 30, 2009, the School incurred approximately \$313,875 in management fees, of which \$10,500 was prepaid at year end.

**Note 4 –Management Agreement (continued)**

Academica Dade, LLC is located at 6361 Sunset Drive, Miami, Florida, 33143 and its officers are:

Fernando Zulueta, President  
Ignacio Zulueta, Vice President  
Magdalena Fresen, Vice President  
Collette Papa, Secretary

**Note 5 –Transactions with Other Schools**

During the year, the School made a long-term, non-interest bearing advance in the amount of \$200,000 to Mater Academy East High School (a charter school under Mater Academy, Inc.) for working capital purposes. The long-term receivable matures on June 30, 2012.

The School does not operate its own lunch program. Lunch is provided free of charge by Miami Dade County Public Schools. Therefore, the School's financial statements do not reflect any income or expenses regarding for the lunch program.

**Note 6 – Deposits Policy and Credit Risk**

It is the School's policy to maintain its cash and cash equivalents in major banks and in high grade investments. As of June 30, 2009, the carrying amount of the School's deposits was \$5,458,986. Out of the total bank balances, \$5,320,000 was fully collateralized by U.S. Government obligations under a repurchase agreement with Regions Bank and the remainder was subject to coverage under the Federal Depository Insurance Corporation (FDIC).

**Note 7 – Commitments and Contingencies**

The School entered into a lease agreement with Palmetto Park, for its 29,550 square feet facility. Annual payments under this agreement are approximately \$395,000 adjusted annually based on the Consumer Price Index (CPI) plus additional property costs including repairs, maintenance and insurance. The agreement continues through July 2014 with an option to renew for an additional five-year term. For 2009, rent expense totaled \$353,394, out which approximately \$341,800 related to facility lease. As of June 30, 2009, the School had prepaid rent of approximately \$33,500.



**Note 7 – Commitments and Contingencies (continued)**

Future minimum payments under these leases are as follows:

2010	\$395,000
2011	395,000
2012	395,000
2013	395,000
2014	395,000

The School received substantially all of its revenues from Federal and local governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and may be subject to audit by the grantor agencies.

**Note 8 – Risk Management**

The School is exposed to various risks of loss related to torts, thefts of, damage to and destruction of assets, errors and omissions and natural disasters for which the School carries commercial insurance. Settlement amounts have not exceeded insurance coverage in the past. In addition, there were no reductions in insurance coverage from those in the prior year.

**Note 9 – Defined Contribution Retirement Plan**

The School's personnel, which are leased through ADP TotalSource Group, Inc., are eligible to participate in a defined contribution 401(k) plan sponsored by the leasing company, covering employees who meet certain age and tenure requirements. Under the ADP TotalSource Retirement Savings Plan (the "Plan"), the School provides a match of 50% of the employee's contribution up to 4% of the employee's compensation. The School contributed to the Plan \$18,562 for the year ended June 30, 2009. The School does not exercise any control or fiduciary responsibility over the Plans' assets, which are administered by MassMutual Financial Group.

REQUIRED SUPPLEMENTARY INFORMATION

Mater Academy  
(A charter school under Mater Academy, Inc)

Statement of Revenues, Expenditures, and Changes in Fund Balance  
For the year ended June 30, 2009

	General Fund		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
State passed through local	\$ 4,140,000	\$ 4,400,000	\$ 4,432,470
Interest, usage fees and other revenue	185,000	100,000	134,075
Total Revenues	<u>4,325,000</u>	<u>4,500,000</u>	<u>4,566,545</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	2,250,000	2,250,000	2,263,047
Instructional staff training services	10,000	10,000	8,181
Board	25,000	25,000	59,712
School Administration	800,000	800,000	776,193
Food services	250	250	160
Fiscal Services	110,000	110,000	104,625
Central Services	115,000	115,000	110,322
Pupil transportation services	5,000	5,000	4,173
Operation of Plant	130,000	130,000	121,429
Maintenance of Plant	335,834	130,000	105,100
Total Current Expenditures	<u>3,781,084</u>	<u>3,575,250</u>	<u>3,552,942</u>
Excess of Revenues Over Current Expenditures	<u>543,916</u>	<u>924,750</u>	<u>1,013,603</u>
Debt:			
Redemption of Principal			-
Capital Outlay:			
Other Capital Outlay	300,000	300,000	298,515
Total Capital Outlay and Debt Service Expenditures	<u>300,000</u>	<u>300,000</u>	<u>298,515</u>
Total Expenditures	<u>4,081,084</u>	<u>3,875,250</u>	<u>3,851,457</u>
Excess of revenues over expenditures	243,916	624,750	715,088
Other financing use, net - long term advance to school	(125,000)	(125,000)	(125,000)
Net change in fund balance	<u>118,916</u>	<u>499,750</u>	<u>590,088</u>
Fund Balance at beginning of year	<u>4,846,647</u>	<u>4,846,647</u>	<u>4,846,647</u>
Fund Balance at end of year	<u>4,965,563</u>	<u>5,346,397</u>	<u>5,436,735</u>

Mater Academy  
(A charter school under Mater Academy, Inc)

Statement of Revenues, Expenditures, and Changes in Fund Balance  
For the year ended June 30, 2009

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
State capital outlay funding	\$ 429,870	\$ 441,000	\$ 440,156
Federal sources	200,000	202,000	201,745
	-	-	-
Total Revenues	<u>629,870</u>	<u>643,000</u>	<u>641,901</u>
<b>EXPENDITURES</b>			
<b>Current:</b>			
Instruction	200,000	202,000	201,745
Operation of Plant	429,870	441,000	440,156
Total Current Expenditures	<u>629,870</u>	<u>643,000</u>	<u>641,901</u>
Excess of Revenues Over Current Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
<b>Debt Service:</b>			
Redemption of Principal	-	-	-
<b>Capital Outlay:</b>			
Other Capital Outlay	-	-	-
Total Capital Outlay and Debt Service Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>629,870</u>	<u>643,000</u>	<u>641,901</u>
Excess of Revenues Over Expenditures	-	-	-
Fund Balance at beginning of year	-	-	-
Fund Balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

Board of Directors of  
Mater Academy  
Hialeah Gardens, Florida

We have audited the financial statements of the governmental activities and each major fund of Mater Academy (the "School") as of, and for the year ended June 30, 2009, which collectively comprise the School's basic financial statements and have issued our report thereon dated August 28, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the School's financial statements that is more than inconsequential will not be prevented or detected by the School's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the School's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the audit committee, the Auditor General of the State of Florida and the School Board of Miami-Dade County and is not intended to be and should not be used by anyone other than these specified parties.

*HCB Gravier, CPA*

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
August 28, 2009

MANAGEMENT LETTER

Board of Directors of  
Mater Academy  
Hialeah Gardens, Florida

We have audited the accompanying basic financial statements of Mater Academy as of and for the year ended June 30, 2009 and have issued our report thereon dated August 28, 2009.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters. Disclosure in those reports, which are dated August 28, 2009, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.850, Rules of the Auditor General, which govern the conduct of charter school audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's report or schedule:

1. Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

2. Section 10.854(1)(e)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management.

In connection with our audit, we did not have any such recommendations.

3. Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential.

In connection with our audit, we did not have any such violations.

4. Section 10.854(1)(e)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that are inconsequential to the determination of financial statement accounts, considering both quantitative and qualitative factors: (1) violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, and (2) control deficiencies that are not significant deficiencies, including, but not limited to; (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the annual financial statements); (b) failures to properly record financial transactions; and (c) inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor.

In connection with our audit, we did not have any such findings.

5. Section 10854.(1)(e)6., Rules of the Auditor General, requires the name or official title of the school.

The official title of the school is disclosed in the accompanying financial statements.

6. Section 10.854(1)(e)2., Rules of the Auditor General, requires a statement be included as to whether or not the school has met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met.

In connection with our audit, no such conditions were noted.

7. Pursuant to Sections 10.854(1)(3)7.a. and 10.855(10)., Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

We have applied such procedures and no deteriorating financial condition has been noted.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management, the audit committee, the Auditor General of the State of Florida and the School Board of Miami-Dade County, and is not intended to be and should not be used by anyone other than these specified parties.

*HLB Gravier, LLP*

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
August 28, 2009